



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Maricopa County

Year Ended June 30, 2011

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**Debra K. Davenport**  
Auditor General

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Maricopa County  
Single Audit Reporting Package  
Year Ended June 30, 2011

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Reports Issued Separately

Comprehensive Annual Financial Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of  
Maricopa County, Arizona

### **Compliance**

We have audited Maricopa County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011, except for that portion of the federal programs administered by the Housing Authority of Maricopa County (Authority). The Authority was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the compliance of the Authority with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, is based solely on the report of the other auditors. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit and the report of the other auditors.

Maricopa County's basic financial statements include the operations of the Maricopa County Accommodation Schools, which expended \$680,207 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year then ended June 30, 2011. Our audit, described below, did not include the operations of the Maricopa County Accommodation Schools because the Accommodation School engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, based on our audit and the report of the other auditors, Maricopa County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures and the report of the other auditors disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and that are described in the accompanying Schedule of Findings and Questioned Costs as items 11-101, 11-102, 11-103, 11-106, 11-107, 11-108, and 11-109.

### **Internal Control over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we and the report of the other auditors identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 11-101 and 11-102 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 11-103, 11-104, 11-105, and 11-107 to be significant deficiencies.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental

Accounting Standards Board Statement No. 54. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maricopa County's responses to the findings identified in our audit are presented on pages 27 through 30. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Jay Zsorey, CPA  
Financial Audit Director

March 27, 2012, except for the  
Schedule of Expenditures of  
Federal Awards, for which the  
date is December 19, 2011

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Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED09-0001	\$ 155,194
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED09-0001	<u>237,914</u>
Total Child Nutrition Cluster			<u>393,108</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG150102, HG961186, HG861080, HG050297	11,493,829
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	KR02-1170-ALS	274,797
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, passed through the Arizona Department of Health Services	10.561	HI050071	287,365
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	519,269
Solid Waste Management Grants	10.762		15,359
Cooperative Law Enforcement Agreement	10.10-LE-11031200-002		55,253
Cooperative Law Enforcement Agreement	10.10-RO-11031200-033		152,066
Cooperative Law Enforcement Agreement	10.11-LE-11031200-005		59,869
White Tanks No. 3 FRS Rehabilitation Project Phase II	10.68-9457-9-478		<u>1,882,245</u>
Total U.S. Department of Agriculture			<u>15,133,160</u>
<b>U.S. Department of Housing and Urban Development</b>			
CDBG—Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		7,320,317
ARRA—Community Development Block Grant ARRA Entitlement Grants (CDBG-R)—(Recovery Act Funded)	14.253		<u>124,764</u>
Total CDBG—Entitlement Grants Cluster			<u>7,445,081</u>
Emergency Shelter Grants Program	14.231		96,138
HOME Investment Partnerships Program	14.239		2,970,004
ARRA—Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257		527,644
Public and Indian Housing	14.850		3,027,592
Resident Opportunity and Supportive Services—Service Coordinators	14.870		38,761
Section 8 Housing Choice Vouchers	14.871		12,644,420
CFP Cluster:			
Public Housing Capital Fund	14.872		1,636,000
ARRA—Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885		<u>283,046</u>
Total CFP Cluster			<u>1,919,046</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Lead-Based Paint Hazard Control in Privately-Owned Housing, passed through the City of Phoenix	14.900	125739	\$ 31,267
ARRA—Lead-Based Paint Hazard Control in Privately-Owned Housing, passed through the City of Phoenix	14.900	1126719	<u>119,289</u>
Total Lead-Based Paint Hazard Control in Privately-Owned Housing			<u>150,556</u>
Total U.S. Department of Housing and Urban Development			<u>28,819,242</u>
 <b>U.S. Department of the Interior</b>			
Payments in Lieu of Taxes	15.226		2,728,933
Distribution of Receipts to State and Local Governments, passed through the Arizona State Treasurer	15.227	None	8,913
Challenge Cost Share	15.238		26,641
National Fire Plan—Rural Fire Assistance	15.242		9,196
Partners for Fish and Wildlife	15.631		13,000
U.S. Geological Survey-Research and Data Collection	15.808		<u>100,000</u>
Total U.S. Department of the Interior			<u>2,886,683</u>
 <b>U.S. Department of Justice</b>			
Juvenile Accountability Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-CSG-09-0273-04, JB-CSG-10-1273-05, JB-CSG-11-1273-03	366,062
Juvenile Justice and Delinquency Prevention—Allocation to States, passed through the Arizona Governor's Office for Children, Youth and Families	16.540	J2-CSG-07-8182-12, J2-CSG-10-0181-05, J2-GRA-11-1273-01, J5-CSG-08-8182-00	108,988
Victims of Child Abuse, passed through the National Court Appointed Special Advocate Association	16.547	AZ10766-10-0710-C	11,960
National Institute of Justice Research, Evaluation, and Development Project Grants, passed through the Arizona Criminal Justice Commission	16.560	IDM-10-001	40,643
Crime Victim Assistance, passed through the Arizona Department of Public Safety	16.575	2009-VA-GX-0060, 2010-074	48,874
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-09-056	180,000
Drug Court Discretionary Grant Program	16.585		4,646
Residential Substance Abuse Treatment for State Prisoners, passed through the Arizona Criminal Justice Commission	16.593	RSAT-10-001, RSAT-11-003	52,023
Bulletproof Vest Partnership Program	16.607		124,327
Public Safety Partnership and Community Policing Grants	16.710		630,381

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Juvenile Mentoring Program	16.726		\$ 16,111
Enforcing Underage Drinking Laws Program, passed through the Arizona Governor's Office of Highway Safety	16.727	2011-DOJ-002	21,901
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,830,338
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Criminal Justice Commission	16.738	DC-11-109	<u>261,250</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>2,091,588</u>
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, passed through the Arizona Criminal Justice Commission	16.803	DC-10-021, DC-10-033	2,388,871
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>574,908</u>
Total JAG Program Cluster			<u>5,055,367</u>
Paul Coverdell Forensic Sciences Improvement Grant Program, passed through the Arizona Criminal Justice Commission	16.742	CV-10-002, CV-11-003	15,556
Anti-Gang Initiative, passed through the Arizona Criminal Justice Commission	16.744	ANTI-GANG-09-001	6,865
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		9,523
Southwest Border Prosecution Initiative Program	16.755		377,094
ARRA—Recovery Act—Edward Byrne Memorial Competitive Grant Program	16.808		1,028,346
ARRA—Recovery Act—State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Competitive Grant Program	16.809		319,945
Financial Crimes/Mortgage Fraud Task Force	16.290-PX-C81654		10,231
Joint Terrorism Task Force	16.66F-PX-A54566-S/LMOU		26,053
Desert Hawk Violent Crime Task Force	16.88A-PX-46088		39,071
Federal Equitable Sharing Agreement	16.AZ0070000		50,183
Fugitive Apprehension Task Force	16.DJMS-10-08-M-0076		9,872
Organized Crime Drug Enforcement Task Forces	16.SWAZP0490		208,333
Organized Crime Drug Enforcement Task Forces	16.SWAZP0519		559,211
DEA Task Force	16.unknown		<u>17,779</u>
Total U.S. Department of Justice			<u>9,339,345</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Labor</b>			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE101047001, DE111009001	\$ 2,579,914
ARRA—WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE091201001	<u>492,290</u>
Total WIA Adult Program			<u>3,072,204</u>
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE081290001, DE101047001, DE111009001	3,558,235
ARRA—WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE091201001	<u>866,498</u>
Total WIA Youth Activities			<u>4,424,733</u>
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE081290001, DE101047001	1,806,431
ARRA—WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE091201001	<u>840,172</u>
Total WIA Dislocated Workers			<u>2,646,603</u>
WIA Dislocated Worker Formula Grants, passed through the Arizona Department of Economic Security	17.278	DE111009001	<u>2,141,409</u>
Total WIA Cluster			<u>12,284,949</u>
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, passed through the Arizona Department of Economic Security	17.275	DE101183001	<u>651,672</u>
Total U.S. Department of Labor			<u>12,936,621</u>
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	JPA 10-006T, JPA 10-194, ER-AVN-0(209)A, ER-MMA-0(220)B, JPA 03-122, CM-MMA-0(041) A, CM-MMA-0(206), CM-MMA-0(209) A	1,550,518
ARRA—Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	ARRA-MMA-0(210)A	6,325,041
Highway Planning and Construction, passed through the Maricopa Association of Governments	20.205	90-072, 412, C-85-10-024-G-00, STP MMA-0(034)	<u>8,834,319</u>
Total Highway Planning and Construction			<u>16,709,878</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Highway Safety Cluster:			
State and Community Highway Safety, passed through the Arizona Governor's Office of Highway Safety	20.600	2010-AI-006, 2010-PT-020, 2010-PT-021, 2011AI-007, 2011-AL-058, 2011-AL-060, 2011-PT-052, 2011-AI-010, 2011-OP-036	\$ 145,762
Alcohol Impaired Driving Countermeasures Incentive Grants I, passed through the Arizona Governor's Office of Highway Safety	20.601	2010-410-029, 2010-410-047, 2011-410-011, 2011-410-021	<u>194,066</u>
Total Highway Safety Cluster			<u>339,828</u>
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants, passed through the Arizona Governor's Office of Highway Safety	20.614	2009-NG-009	15,034
Interagency Hazardous Materials Public Sector Training and Planning Grants, passed through the Arizona Emergency Response Commission	20.703	HM-HMP-0162-10-01-00	<u>2,795</u>
Total U.S. Department of Transportation			<u>17,067,535</u>
<b>Institute of Museum and Library Services</b>			
Grants to States, passed through the Arizona State Library, Archives and Public Records	45.310	2010-39046-08, 11-A-8	<u>35,000</u>
<b>U.S. Environmental Protection Agency</b>			
Air Pollution Control Program Support	66.001		944,430
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		<u>136,518</u>
Total U.S. Environmental Protection Agency			<u>1,080,948</u>
<b>U.S. Department of Energy</b>			
Weatherization Assistance for Low-Income Persons, passed through the Arizona Department of Commerce	81.042	C051-09-03	29,172
ARRA—Weatherization Assistance for Low-Income Persons, passed through the Arizona Department of Commerce	81.042	C037-09-03	<u>5,151,851</u>
Total Weatherization Assistance for Low-Income Persons			<u>5,181,023</u>
ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		<u>2,912,130</u>
Total U.S. Department of Energy			<u>8,093,153</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Education</b>			
Adult Education—Basic Grants to States, passed through the Arizona Department of Education	84.002	11FAEABE-170694-01A, 11FAEAEF-170694-02A	\$ 261,443
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	11FAADEL-170696-02A	275,020
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	10FESSCG-070692-02A, 11FESCBG-160738-01A, 11FESSCG-170692-01A, 11FESSCG-170692-02A	61,297
Educational Technology State Grants Cluster: Educational Technology State Grants, passed through Pima County	84.318	10FETSTP-060950-04A, 11FETSTP-160950-02A	154,620
ARRA—Education Technology State Grants, Recovery Act, passed through Pima County	84.386	11FETETS-160950-03A	<u>5,010</u>
Total Educational Technology State Grants Cluster			<u>159,630</u>
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	10FACENG-070696-02A, 11FACENG-170696-03A	121,491
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	10FAAAZE-070696-03A, 11FAAAZE-170696-01A	90,243
Teacher Incentive Fund	84.374		617,323
ARRA—State Fiscal Stabilization Fund (SFSF)— Government Services, Recovery Act, passed through the Arizona Governor's Office of Economic Recovery	84.397	OER-11-IGA-GS-153	<u>287,890</u>
Total U.S. Department of Education			<u>1,874,337</u>
<b>U.S. Department of Health and Human Services</b>			
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers, passed through Area Agency on Aging	93.044	2011-26-MCH	507,734
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	HG754199	5,841,953
Project Grants and Cooperative Agreements for Tuberculosis Control Programs, passed through the Arizona Department of Health Services	93.116	HG852310	476,634
Consolidated Health Centers (Health Care for the Homeless)	93.224		2,376,701
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243		217,900
Immunization Cluster: Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG352193, HG854288	1,641,532

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
ARRA—Immunization, passed through the Arizona Department of Health Services	93.712	HG854288	\$ 273,531
Total Immunization Cluster			<u>1,915,063</u>
Substance Abuse and Mental Health Services—Access to Recovery, passed through the Arizona Governor's Office for Children, Youth and Families	93.275	AR-GSA-09-9273-02	116,829
Drug Abuse and Addiction Research Programs, passed through Arizona State University	93.279	10-315, 11-447	21,352
Centers for Disease Control and Prevention—Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	HQ953297	2,750
Teenage Pregnancy Prevention Program	93.297		236,444
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507		94,465
Temporary Assistance for Needy Families, passed through the Arizona Department of Economic Security	93.558	DE111071001	439,538
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G 02-04-AZ-4004, G1104AZ4004, DE111171001, G 04-04-AZ-4004	1,575,443
Low-Income Home Energy Assistance, passed through the Arizona Department of Economic Security	93.568	E6306005, DE111071001	3,519,178
Low-Income Home Energy Assistance, passed through the Arizona Department of Commerce	93.568	G043-10-03	807,590
Total Low-Income Home Energy Assistance			<u>4,326,768</u>
CSBG Cluster:			
Community Services Block Grant, passed through the Arizona Department of Economic Security	93.569	E6306005, DE111071001	593,723
ARRA—Community Services Block Grant, passed through the Arizona Department of Economic Security	93.710	DE111071001	358,945
Total CSBG Cluster			<u>952,668</u>
Refugee and Entrant Assistance—Discretionary Grants, passed through the Arizona Department of Economic Security	93.576	DE101038001	1,796,296
Grants to States for Access and Visitation Programs, passed through the Arizona Department of Economic Security	93.597	G1101AZSAVP	29,002
Head Start Cluster:			
Head Start	93.600		20,111,632
ARRA—Head Start	93.708		1,247,035
ARRA—Early Head Start	93.709		1,631,884
Total Head Start Cluster			<u>22,990,551</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Voting Access for Individuals with Disabilities—Grants to States, passed through the Arizona Secretary of State	93.617	HHS-2006-ACF-ADD-VOTE-0135	\$ 77,470
Social Services Block Grant, passed through Area Agency on Aging	93.667	2011-26-MCH	160,337
Social Services Block Grant, passed through the Arizona Department of Economic Security	93.667	DE111071001	<u>454,960</u>
Total Social Services Block Grant			<u>615,297</u>
ARRA—Grants to Health Center Programs	93.703		393,169
HIV Emergency Relief Project Grants	93.914		7,463,352
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG761266	212,537
Healthy Start Initiative	93.926		409,307
Special Projects of National Significance	93.928		61,997
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG652198	610,572
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance, passed through the Arizona Department of Health Services	93.944	HG652198	51,608
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	HG854317, HG854321	375,882
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854371	154,525
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	HG754060, HG861344, HP961245, HG161084	<u>658,790</u>
Total U.S. Department of Health and Human Services			<u>55,002,597</u>
<b>Executive Office of the President of the United States</b>			
High Intensity Drug Trafficking Areas Program	95.001		<u>525,674</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	None	476,066
Cooperating Technical Partners	97.045		298,379

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	444201-01, 444207-05, 555200-01, 555200-02, 555208-02, 555208-03, 555208-04, 555208-05, 555811-01, 555811-02, 555811-03, 777201-01, 777201-03, 777201-04, 777207-01, 777208-01, 777208-02, 777208-03, 777208-04, 777208-05, 777208-06, 777813-02, 777813-03	\$ 2,548,706
Buffer Zone Protection Program (BZPP), passed through the Arizona Department of Homeland Security	97.078	444207-02, 444207-03, 444207-04	249,183
Homeland Security Biowatch Program	97.091		<u>512,249</u>
Total U.S. Department of Homeland Security			<u>4,084,583</u>
Total Expenditures of Federal Awards			<u>\$ 156,878,878</u>

See accompanying notes to schedule.

Maricopa County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Note 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Maricopa County and is presented on the modified accrual basis of accounting, except for the following programs: Schools and Roads—Grants to States (10.665), Payments in Lieu of Taxes (15.226), and Distribution of Receipts to State and Local Governments (15.227). For these programs, revenues received during the fiscal year are considered earned and are reported as expenditures. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The amounts included on the schedule of \$4,112 for the School Breakfast Program (10.553), \$6,304 for the National School Lunch Program (10.555), and \$30,797 for the HIV Prevention Activities—Health Department Based (93.940) represent the value of noncash assistance expended for each of the federal programs.

Note 2 – Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

Note 3 – Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$1,929,271
Emergency Shelter Grants Program	14.231	80,912
HOME Investment Partnerships Program	14.239	2,765,938
ARRA—Community Development Block Grant ARRA Entitlement Grants (CDBG-R)—(Recovery Act Funded)	14.253	124,764
ARRA—Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	510,628
Nation Fire Plan—Rural Fire Assistance	15.242	9,196

Maricopa County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Program Title	CFDA Number	Amount
Public Safety Partnership and Community Policing Grants	16.710	\$ 630,381
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,619,089
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	8,259
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	74,472
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	12,382
WIA Youth Activities	17.259	2,780,768
ARRA—WIA Youth Activities	17.259	778,132
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	172,170
Highway Planning and Construction	20.205	261,381
Weatherization Assistance for Low-Income Persons	81.042	29,172
ARRA—Weatherization Assistance for Low-Income Persons	81.042	4,662,864
ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	280,185
Consolidated Health Centers (Health Care for the Homeless)	93.224	160,000
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	136,549
Immunization Grants	93.268	278,980
Temporary Assistance for Needy Families	93.558	84,500
Low-Income Home Energy Assistance	93.568	1,055,735
Community Services Block Grant	93.569	71,382
Head Start	93.600	7,441,503
Social Services Block Grant	93.667	454,960
ARRA—Head Start	93.708	274,304
ARRA—Early Head Start	93.709	509,310
ARRA—Community Services Block Grant	93.710	325,549
HIV Emergency Relief Project Grants	93.914	5,188,420
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	131,786
Maternal and Child Health Services Block Grant to the States	93.994	116,506
Homeland Security Grant Program	97.067	<u>631,235</u>
Total Awards to Subrecipients		<u>\$33,590,683</u>

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Maricopa County  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:		Unqualified	
		<b>Yes</b>	<b>No</b>
Internal control over financial reporting:			
Material weaknesses identified?	___		_X_
Significant deficiencies identified?	_X_		___
Noncompliance material to the financial statements noted?	___		_X_

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified?	_X_		___
Significant deficiencies identified?	_X_		___
Type of auditors' report issued on compliance for major programs:			Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	_X_		___

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218, 14.253	CDBG—Entitlement Grants Cluster
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872, 14.885	CFP Cluster
16,738, 16.803, 16.804	JAG Program Cluster
17.258, 17.259, 17.260, 17.278	WIA Cluster
20.205	Highway Planning and Construction
81.042	Weatherization Assistance for Low-Income Persons
81.128	ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)
93.069	Public Health Emergency Preparedness
93.600, 93.708, 93.709	Head Start Cluster

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

**Yes**    **No**

Auditee qualified as low-risk auditee? \_\_\_ X

**Other Matters**

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])? X \_\_\_

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

## Financial Statement Findings

Financial statement findings were reported in the separately issued Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*.

## Federal Award Findings and Questioned Costs

11-101

CFDA No.: 10.557 **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**  
**U.S. Department of Agriculture**

Passed through the Arizona Department of Health Services

Award Period/Award Numbers: October 1, 2007 through September 30, 2012/HG861080  
October 1, 2008 through September 30, 2013/HG961186  
October 1, 2010 through September 30, 2013/HG050297  
March 1, 2011 through February 28, 2014/HG150102

Procurement and Suspension and Debarment

Questioned Cost: None

Criteria: In accordance with 2 Code of Federal Regulations (CFR) §180.300, when a nonfederal entity enters into a procurement transaction that is expected to equal or exceed \$25,000 or makes a subaward to a subrecipient regardless of award amount, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. Further, 7 CFR §3016.35 states that grantees and subgrantees must not make any award to or contract with any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

Condition and context: The County's Department of Public Health did not establish adequate procedures to verify that vendors providing goods and services paid with federal monies of \$25,000 or more had not been suspended or debarred, or otherwise excluded, from federal contracts. The Department spent \$1.7 million from 22 vendors during the fiscal year with each vendor receiving at least \$25,000. Specifically, for 5 of 7 vendors tested, the Department did not verify that the vendor was not suspended or debarred until 5 to 9 months after the transaction was made, and for 1 of the 7 vendors, this verification was never performed. Auditors performed additional procedures for all vendors and determined no payments were made to suspended or debarred vendors; therefore, no questioned costs were noted.

Effect: Payments could be made to suspended or debarred vendors. This finding is a material weakness in internal control over compliance and noncompliance with the WIC program's procurement and suspension and debarment requirements.

Cause: The Department's procedures were not adequate to ensure that vendors receiving \$25,000 or more from the Department were not suspended or debarred.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Recommendation: The Department should establish procedures to document its determinations that vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities before incurring expenditures. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), obtaining vendor certifications, or adding clauses or conditions to the contracts. In addition, the Department should review all contracts that were entered into prior to the County's including a clause in the contract regarding suspension and debarment and make sure that the vendors were not suspended or debarred.

This finding is similar to a prior-year finding.

11-102  
**CDBG—Entitlement Grants Cluster:**  
CFDA No.: 14.218 **Community Development Block Grants/Entitlement Grants**  
14.253 **ARRA—Community Development Block Grant ARRA Entitlement Grants**  
**(CDBG-R)—(Recovery Act Funded)**  
**U.S. Department of Housing and Urban Development**  
Award Period/Award Numbers: July 1, 2008 through indefinite/B-08-UC-04-0501  
June 4, 2009 through September 30, 2012/B-09-UY-04-0501  
March 19, 2009 through March 19, 2013/B-08-UN-04-0501  
July 1, 2009 through indefinite/B-09-UC-04-0501  
July 1, 2010 through indefinite/B-10-UC-04-0501  
March 9, 2011 through March 9, 2014/B-11-UN-04-0501  
Reporting Questioned Cost: None

Criteria: The County is required to submit a quarterly section 1512 report, an annual CDBG Financial Summary Report (C04PR26), and an annual section 3 summary report. The County is required to submit the reports in accordance with the following three criteria. First, in accordance with the *American Recovery and Reinvestment Act (ARRA) of 2009*, P.L. 111-5, Section 1512(c), recipients must ensure accurate and complete reporting of Section 1512 data. Recipients should establish internal controls to ensure data quality, completeness, accuracy, and timely reporting of all amounts funded by the Recovery Act. Further, recipients reporting Section 1512 data must initiate a review of the data both prior to and following the formal submission of data. Second, according to the Guidelines for Preparing Consolidated Plan and Performance and Evaluation Report Submissions for Local Jurisdictions, the County's Department of Human Services is required to submit an annual CDBG Financial Summary Report (C04PR26) to citizens in order to satisfy annual performance report requirements for its Consolidated Plan as required by 24 CFR §91.520. Third, in accordance with 24 CFR §135.90, the County must submit an annual section 3 summary report using HUD form 60002 and provide the information included in the form.

Condition and context: The County had a review process in place to review the section 1512 report, CDBG Financial Summary Report, and section 3 summary report; however, this review did not adequately ensure the accuracy of reported amounts. As a result, auditors noted the following errors:

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

- Section 1512 report – Two of four data elements in the quarter ended March 31, 2011 report were misstated. These misstatements occurred because the County reported monies that were received in the fourth quarter and excluded monies spent in the third quarter.
- CDBG Financial Summary Report – Two of 32 line items tested by auditors were misstated. Specifically, the County incorrectly included program year 2008 expenditures in the low/mod benefit for multi-year certifications section.
- Section 3 summary report – One of 10 key line items tested by auditors was misstated. Specifically, the total dollar amount of all contracts awarded on the project line included a contract that was awarded during a previous period.

Effect: The federal grantor may be relying on inaccurate financial data. This finding is a material weakness in internal control over compliance and noncompliance with the Cluster's reporting requirements.

Cause: The County's review process was not thorough enough to identify compilation errors.

Recommendation: A supervisor should modify the review procedures to ensure that reports are accurate and complete in accordance with Section 1512 of the Recovery Act, 24 CFR §91.520, and 24 CFR §135.90.

This finding is similar to a prior-year finding

11-103

**JAG Program Cluster:**

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**, a portion passed through the Arizona Criminal Justice Commission

16.803 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories**, passed through the Arizona Criminal Justice Commission

16.804 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government**

**U.S. Department of Justice**

Award Period/Award Numbers: October 1, 2007 through September 30, 2011/2008-DJ-BX-0500  
October 1, 2008 through September 30, 2012/2009-DJ-BX-0342  
March 1, 2009 through February 28, 2013/2009-SB-B9-2970  
October 1, 2009 through September 30, 2011/2010-DJ-BX-1213  
July 1, 2009 through June 30, 2011/DC-10-021  
July 1, 2009 through June 30, 2011/DC-10-033  
July 1, 2010 through June 30, 2011/DC-11-109

Subrecipient Monitoring

Questioned Cost: Unknown

Criteria: In accordance with the Office of Management and Budget (OMB) Circular A-133, §\_\_.400(d)(3), the pass-through entity must monitor the subrecipients' activities to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Condition and context: The County Manager's Office advanced over \$4 million in non-ARRA federal monies over a 3-year period to 12 subrecipients to administer portions of its Justice Assistance Grant Program. The advancements relate to 2008, 2009, and 2010 grants and were made in full at the beginning of each grant. Therefore, it is imperative that the Office monitor the activity of these subrecipients after they spend the monies. During fiscal year 2011, these subrecipients spent over \$1.1 million of non-ARRA federal monies received as advancements. The Office had procedures in place to monitor subrecipients; however, these procedures did not include a review of supporting documentation to ensure its subrecipients had spent non-ARRA grant monies in the proper amounts for allowable, valid purposes.

Effect: Subrecipients may have misspent federal monies. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's subrecipient monitoring compliance requirements. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. Auditors determined that this finding does not affect ARRA monies since the Office had adequate procedures in place to monitor and did monitor subrecipients' use of ARRA federal monies.

Cause: The Office felt that its other monitoring procedures were adequate.

Recommendation: To comply with subrecipient monitoring requirements and ensure that subrecipients are using federal monies received in advance properly, the Office should implement procedures to review the subrecipients support behind expenditures made with non-ARRA federal monies.

11-104

CFDA No.: 81.042 **Weatherization Assistance for Low-Income Persons**

81.042 **ARRA—Weatherization Assistance for Low-Income Persons**

**U.S. Department of Energy**

Passed through the Arizona Department of Commerce

Award Period/Award Numbers: July 1, 2009 through June 30, 2011/C051-09-03

July 31, 2009 through March 31, 2012/C037-09-03

Cash Management and Reporting

Questioned Cost: Unknown

Criteria: In accordance with 10 CFR §600.220 and the grant agreement with its pass-through entity, the County should maintain an effective internal control system over its financial reporting process. This would include documentation that a review occurred of reimbursement requests submitted to the pass-through entity.

Condition and context: The County's Department of Human Services did not have a procedure in place to document its review of the Financial Report Form until April 2011. Auditors tested 3 of 12 reporting months and did not note any noncompliance.

Effect: The Department could draw down excess monies or incorrectly report financial data to its pass-through entity. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is considered a significant deficiency in internal control with the programs' reporting requirements.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Cause: The Department did not maintain documentation evidencing its review due to oversight.

Recommendation: In April 2011, the Department began maintaining documentation that evidenced its review of reimbursement requests for accuracy before submitting them to the pass-through entity. The Department should continue this practice.

This finding is similar to a prior-year finding.

11-105

**Head Start Cluster:**

CFDA No.: 93.600 **Head Start**

93.708 **ARRA—Head Start**

93.709 **ARRA—Early Head Start**

**U.S. Department of Health and Human Services**

Award Period/Award Numbers: September 30, 2009 through September 29, 2010/90YD0225/03  
July 1, 2010 through June 30, 2011/09CH7096/45  
July 1, 2009 through September 30, 2010/09SE7096/01  
September 30, 2010 through September 29, 2011/90YD0225/04  
September 30, 2010 through September 29, 2011/09SH7096/02  
September 30, 2009 through September 29, 2010/09SH7096/01  
November 1, 2009 through September 29, 2010/09SA7096/01  
September 30, 2010 through September 29, 2011/09SA7096/02

Reporting

Questioned Cost: None

Criteria: In accordance with the *American Recovery and Reinvestment Act (ARRA) of 2009*, P.L. 111-5, Section 1512(c), recipients must ensure accurate and complete reporting of Section 1512 data. Recipients should establish internal controls to ensure data quality, completeness, accuracy, and timely reporting of all amounts funded by the Recovery Act. Further, recipients reporting Section 1512 data must initiate a review of the data both prior to and following the formal submission of data.

Condition and context: The Department of Human Services had a review process in place for the section 1512 report; however, for the quarter ended March 31, 2011 reports, auditors determined there was no evidence of this review. Auditors did not note any errors in the reports tested.

Effect: There is a potential for misreporting information. This finding is considered a significant deficiency in internal control with the Cluster's reporting requirements.

Cause: The Department had inadequate procedures that led to insufficient evidence that the section 1512 reports were reviewed prior to submission to the federal government.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Recommendation: The Department should establish a procedure to document its review of all data elements on the section 1512 reports. Further, the Department should perform reviews both prior to and following the formal submission of data onto the federal Web site.

This finding is similar to a prior-year finding.

Other auditors' findings:

The other auditors who audited the federal programs administered by the Housing Authority of Maricopa County (HAMC) reported the following findings:

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**11-106 Activities Allowed and Unallowed**

**Housing Choice Vouchers – CFDA#14.871**

**Condition:** The Housing Choice Voucher (HCV) program has accumulated \$2,973,256 more in HUD funding than was expended for Housing Assistance Payments (HAP). However, the available cash balance as of June 30, 2011 was \$2,513,093.

**Criteria:** Per HUD regulations, HAP funding is restricted to HAP related expenditures.

**Cause:** HAP funds have been used for other purposes.

**Effect:** As of June 30, 2011, the Authority did not have the cash available to repay or utilize these funds for their restricted purpose. The cash deficiency totaled \$460,163.

**Recommendation:** We recommend that an immediate plan be put in place to recover all deficient funding and that all future Housing Choice Voucher funds be retained in the program as required by HUD.

**HAMC Response:** Concur. HAMC has since began processing a plan using the utilization tool provided by the Phoenix local HUD office along with a monthly cash/revenue analysis reviewed by Section 8 and Finance department on a monthly basis.

**11-107 Activities Allowed and Unallowed**

**Housing Choice Vouchers – CFDA#14.871**

**Questioned Costs \$29,000**

**SIGNIFICANT DEFICIENCY**

**Condition:** Administration of the HCV program has incurred an accumulated deficit of \$390,447, resulting in the use of restricted HAP funds to operate the program.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Criteria:** Housing Authorities are required to operate HCV programs within the administrative fees provided by HUD. HAP funding cannot be used to fund operating deficits.

**Cause:** Administrative expenses exceed the funds allowed.

**Effect:** Housing Choice Voucher restricted funds totaling \$29,000 in the audit period were used for other administrative costs.

**Recommendation:** We recommend that the Authority operate the HCV program within the administrative funding guidelines. The Authority must consider additional ways to manage costs within earned admin fee revenues.

**HAMC Response:** The HAMC realizes the importance of operating the program within its earned fees. Effective July 1st of 2011, City of Peoria's Section 8 Program was transferred to HAMC along with the admin fee reserves. The UNA amount transferred to HAMC is in the amount of \$464,372.74. The current UNA as of 07/01/2011 is \$73,925.74. The management has created reporting using forecasting tools to ensure the UNA & admin usage stays within the funding guidelines.

**11-108 Special Tests & Provisions – Reasonable Rent  
Housing Choice Vouchers – CFDA#14.871**

**Condition:** The Authority is not adequately documenting the determination that the rent to owner is reasonable. Eleven of the forty contract files inspected did not contain documentation that substantiated compliance.

**Criteria:** HUD regulations require the determination that the rent to owner is reasonable at the time of initial leasing and during the term of the contract.

**Cause:** Inconsistent tenant file organization and documentation procedures amongst program staff.

**Effect:** The Authority is not in compliance with the HUD requirement.

**Recommendation:** We recommend the Authority document that the rent to owner is reasonable in accordance with its administrative plan at initial leasing and during the term of the contract, as necessary.

**HAMC Response:** Effective immediately it is the practice of the Section 8 Department to utilize [www.GoSection8.com](http://www.GoSection8.com) and [SocialServe.com](http://SocialServe.com) to pull down the rent reasonable comparison for that area. All initial and annual recertification's will require a rent reasonable certification in the resident file. Files will be spot checked to ensure the practice is being followed on a quarterly basis.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**11-109 Special Tests & Provisions – Cost Reasonableness**  
**Public Housing – CFDA#14.850** **Questioned Costs \$280,000**

**Condition:** The Authority's indirect cost charged to the Public Housing Projects did not adhere to the Safe Harbor rates established by HUD.

**Criteria:** HUD Asset Management Handbook 7475.1 requires PHA's to operate within the established limits for allocated overhead for the year ending June 30, 2011.

**Cause:** Total overhead costs are in excess of the amount that is allocable to Public Housing based on new regulations effective beginning on or after June 15, 2010, for the allocated cost method.

**Effect:** The Authority charged the Public Housing projects allocated overhead costs in excess of HUD established limits. The costs are considered ineligible programs costs.

**Recommendation:** We recommend the Authority establish a plan to reduce indirect costs charged to Public Housing or increase managed unit portfolio, and increase unit occupancy rates to ensure compliance with HUD regulations. In addition, the Authority should consider adopting the Fee for Service Approach for the treatment of overhead costs, which includes establishing a Central Office Cost Center.

**HAMC Response:** The HAMC was under Section 226. Under this plan reasonable salary costs were established based upon a comparative study in 2006. The Central office costs were then allocated based upon the simplified method per OMB A-87. The Housing Authority is now preparing for Asset Management under 24 CFR 990. The Housing Authority is taking the recommendation of the Auditor and is adopting the Fee for Service Approach for Fiscal 2012.



# Maricopa County

Department of Finance

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Chief Financial Officer  
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March 26, 2012

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each federal award finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Shelby L. Scharbach  
Chief Financial Officer

**Maricopa County  
Corrective Action Plan  
Year Ended June 30, 2011**

Federal Award Findings and Questioned Costs

11-101

CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Department: Maricopa County Department of Public Health

Contact person(s): Scot Pitcairn, Financial Supervisor, Maricopa County Department of Public Health, (602) 506-6886

Anticipated completion date: June 30, 2012

County Response: Concur

County Corrective Action Plan: The Maricopa County Office of Procurement Services began including a suspension and debarment clause in all County contracts in September 2008. However, some of the tested vendors were operating under contracts approved prior to September 2008. The Maricopa County Department of Public Health began reviewing the Excluded Parties List System (EPLS) in August 2010 for vendors that were expected to exceed \$25,000 in expenditures. A second review of vendors was completed in June 2011. The Department of Public Health has refined the procedures and will run a report of vendors each quarter to identify those whose expenditures are approaching \$25,000. This will ensure that all required vendors are checked in the EPLS. In addition, the Department of Public Health will look at amending older contracts to include a suspension and debarment clause in the contracts.

11-102

CDBG—Entitlement Grants Cluster:

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants  
14.253 ARRA—Community Development Block Grant ARRA Entitlement Grants (CDBG-R)—(Recovery Act funded)

Department: Maricopa County Human Services Department

Contact person(s): Renee Ayres-Benavidez, Deputy Director, Maricopa County Human Services Department, (602) 372-1524

Anticipated completion date: September 30, 2011

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department will modify the review procedures to ensure that the reports are accurate and that activity is reflected in the proper period.

**Maricopa County  
Corrective Action Plan  
Year Ended June 30, 2011**

11-103

JAG Program Cluster:

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program

16.803 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to States and Territories

16.804 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government

Department: Maricopa County Manager's Office

Contact person(s): Alice Bustillo, JAG Grant Administrator, Maricopa County Manager's Office, (602) 372-7059

Anticipated completion date: June 30, 2012

County Response: Concur

County Corrective Action Plan: The Maricopa County Manager's Office monitored the non-ARRA JAG subrecipients through quarterly financial and performance reporting, site visits, other contact, and reviewed the subrecipient audit reports as required by the OMB Circular A-133 Compliance Supplement, Part 3, Section M. Subrecipient Monitoring. However, there was not a documented review of the expenditure supporting documentation for the non-ARRA JAG subrecipients. The County Manager's Office will implement the same expenditure review procedures used to monitor the ARRA JAG subrecipients for the non-ARRA JAG program. The County's non-ARRA JAG subrecipients are the same as the ARRA JAG subrecipients.

11-104

CFDA No.: 81.042 Weatherization Assistance for Low-Income Persons

81.042 ARRA—Weatherization Assistance for Low-Income Persons

Department: Maricopa County Human Services Department

Contact person(s): Mary Driessen, Finance Administrator, Maricopa County Human Services Department, (602) 506-2513

Anticipated completion date: April 30, 2011

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department has revised its financial reporting procedures to include a second level review of financial reports. The procedures ensure that expenditures reported to the grantor agree to the department's accounting system and that the review is documented. This finding was fully corrected by April 30, 2011.

**Maricopa County  
Corrective Action Plan  
Year Ended June 30, 2011**

11-105

Head Start Cluster:

CFDA No.: 93.600 Head Start

93.708 ARRA – Head Start

93.709 ARRA – Early Head Start

Department: Maricopa County Human Services Department

Contact person(s): Mary Driessen, Financial Administrator, Maricopa County Human Services Department, (602) 506-2513

Anticipated completion date: September 30, 2011

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department has revised its financial reporting procedures to include a second level review of financial reports. The review consists of ensuring calculations are correct and agree to the supporting documentation and that the review is documented. The overall review process also includes assessing the accuracy of the data before and after the information is submitted to Federal Reporting.gov.



# Maricopa County

Department of Finance

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February 24, 2012

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

Shelby L. Scharbach  
Chief Financial Officer

**Maricopa County  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

**Status of Federal Award Findings and Questioned Costs**

**CFDA No.: 10.557** Special Supplemental Nutrition Program for Women, Infants, and Children

**Finding No.** 10-101

**Status:** No longer valid.

The audit finding regarding Davis-Bacon noncompliance for the Maricopa Department of Public Health was inaccurate in the prior year Single Audit Schedule of Findings and Questioned Costs and the County did not concur with the finding. Approximately one week after the prior year Single Audit Report was issued, the U.S. Department of Agriculture responded to the audit finding and agreed with the County's interpretation that the Davis-Bacon compliance requirement does not apply to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) since it is not required in program legislation. Therefore, the Davis-Bacon finding is no longer valid.

In addition, the procurement and suspension and debarment audit finding is no longer valid, as the County did not perform any construction related procurements for the WIC program in fiscal year 2011 as the construction was one-time funding received in fiscal year 2010.

**CFDA No.: 10.557** Special Supplemental Nutrition Program for Women, Infants, and Children

**CFDA No.: 20.205** Highway Planning and Construction  
20.205 ARRA – Highway Planning and Construction

**CFDA No.: 93.600** Head Start

**Finding No.** 09-105, 10-102

**Status:** Fully corrected for CFDA No. 93.600. Partially corrected for CFDA Nos. 10.557, 20.205, and 20.205 ARRA.

The Maricopa County Department of Public Health annually reviews the Excluded Parties List System (EPLS) for current vendors and any new vendors are checked in the EPLS. The Maricopa County Department of Transportation added a suspension and debarment clause to new contracts in April 2010. The department will also review the applicable status of all contracts with the EPLS. The "Search Results" page will be inserted in to the correspondence section of every open contract file. Further action will be taken by the Department as required by the search results. This finding is expected to be fully corrected by December 31, 2011. In addition, the Maricopa County Human Services Department modified all contracts with vendors and subrecipients by adding a certification statement regarding suspension and debarment to the contract and the checked the EPLS to verify vendors and subrecipients are not suspended or debarred. This finding was fully corrected by June 30, 2011 for the Head Start program. Contact persons are Scot Pitcairn, Financial Supervisor, Maricopa County Department of Public Health, (602) 506-6963; and Bonnie Williams, Contacts Specialist, Maricopa County Department of Transportation, (602) 506-4108.

**Maricopa County  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

**CFDA No.: 14.218** Community Development Block Grants/Entitlement Grants  
**14.253** ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R)

**Finding No.** 10-103

**Status:** Partially corrected.

The Maricopa County Human Services Department will correct its processes to ensure that expenditures reported on the Activity Summary Report agree to the general ledger and will take greater care to document the reconciliation process. In addition, the Activity Summary Report will be included in the Consolidated Plan Annual Performance Report (CAPER) to ensure that the report is provided and available to the citizens. The Financial Summary Report will be revised, and the corrected report will be included in the CAPER and submitted to HUD to ensure that the document reflects accurate information. Furthermore, formal review procedures will be implemented for the CAPER and the Section 3 reports to ensure that the documents are accurate and the review process is documented. This finding is expected to be fully corrected by September 30, 2011. Contact person is Renee Ayres-Benavidez, Deputy Director, Maricopa County Human Services Department, (602) 372-1524.

**CFDA No.: 16.803** ARRA-Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories

**Finding No.** 10-104

**Status:** Fully corrected.

**CFDA No.: 17.258** WIA Adult Program, **17.258** ARRA-WIA Adult Program  
**17.259** WIA Youth Activities, **17.259** ARRA-WIA Youth Activities  
**17.260** WIA Dislocated Workers, **17.260** ARRA-WIA Dislocated Workers

**Finding No.** 09-101, 10-105

**Status:** Fully corrected.

**CFDA No.: 20.205** Highway Planning and Construction  
**20.205** ARRA – Highway Planning and Construction

**Finding No.** 10-106

**Status:** Fully corrected.

**CFDA No.: 20.205** Highway Planning and Construction  
**20.205** ARRA – Highway Planning and Construction

**Finding No.** 10-107

**Status:** Fully corrected.

**Maricopa County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2011**

**CFDA No.: 81.042** Weatherization Assistance for Low-Income Persons  
**81.042** ARRA – Weatherization Assistance for Low-Income Persons

**Finding No.** 10-108

**Status:** Partially corrected.

The Maricopa County Human Services Department, Finance Office, revised its financial reporting procedures to include a second level of review for its reports. The review consists of ensuring calculations are correct and agree to the supporting documentation. The Department will ensure expenditures reported to Arizona Department of Commerce agree to the County's accounting system.

The Maricopa County Human Service Department, Finance Office, will conduct a detailed reconciliation of reported program expenditures to the County's accounting system to ensure monthly reimbursement requests were accurate. The Department will take appropriate corrective action based on the results of the reconciliation. This finding was fully corrected by April 30, 2011. Contact person is Mary Driessen, Finance Administrator, Maricopa County Human Services Department, (602) 506-2513.

**CFDA No.: 93.600** Head Start  
**93.708** ARRA – Head Start  
**93.709** ARRA – Early Head Start

**Finding No.** 10-109

**Status:** Fully corrected.

**CFDA No.: 93.600** Head Start  
**93.708** ARRA – Head Start  
**93.709** ARRA – Early Head Start

**Finding No.** 10-110

**Status:** Partially corrected.

The Maricopa County Human Services Department implemented a secondary review of the Section 1512 report for the quarter ending September 30, 2011. This finding is expected to be fully corrected by September 30, 2011. Contact person is Mary Driessen, Finance Administrator, Maricopa County Human Services Department, (602) 506-2513.

**CFDA No.: 14.850** Public and Indian Housing  
**CFDA No.: 14.871** Section 8 Housing Choice Vouchers  
**CFDA No.: 14.872** Public Housing Capital Fund (CFP)  
**CFDA No.: 14.218** Community Development Block Grants/Entitlement Grants

**Finding No.** 10-111

**Status:** Not corrected.

The Housing Authority continues to work with the local HUD office in the resolution of the findings. As of January 5, 2012, the Housing Authority has received a response

**Maricopa County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2011**

from HUD which has cleared 20 of the 30 items. Ten items remain open and have been given a response due date of February 29, 2012. Contact person is Karen Mofford, Finance Director, Housing Authority of Maricopa County, (602) 744-4517.

**CFDA No.: 14.871** Section 8 Housing Choice Vouchers  
**Finding No. 10-112**  
**Status:** Not corrected.

The Housing Authority of Maricopa County has changed the process for tracking failed inspections. One housing specialist has been assigned to monitor, track, and process abatements as necessary. The inspectors work with the housing specialist at the second failure to determine the next course of action (i.e., abatement). The housing specialist then mails a letter to the tenant and landlord notifying them of the failures and the action, either abatement or proposed termination of tenant responsible items. Contact person is Karen Mofford, Finance Director, Housing Authority of Maricopa County, (602) 744-4517.

**CFDA No.: 14.850** Public and Indian Housing  
**Finding No. 10-113**  
**Status:** Not corrected.

The area Site Managers have been made aware of the unresolved finding. All units are inspected with documentation produced. To resolve this issue a copy of the documentation will be copied and placed into the file, therefore if the need by an area manager required further research, she/he will have a copy to work with and one will be in the file at all times. Contact person is Karen Mofford, Finance Director, Housing Authority of Maricopa County, (602) 744-4517.

**CFDA No.: 14.850** Public and Indian Housing  
**CFDA No.: 14.872** Public Housing Capital Fund (CFP)  
**Finding No. 10-114**  
**Status:** Not corrected.

The Housing Authority has a listing of inventory of equipment for all areas that was produced in the current year. This inventory was arranged by the then Manager of the Purchasing Department. The dollar value was not attached to the listing once reported to the Finance department. This is now being resolved and will be reported correctly for the 2012 ending fiscal year. Contact person is Karen Mofford, Finance Director, Housing Authority of Maricopa County, (602) 744-4517.

**Maricopa County  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

**CFDA No.: 14.850** Public and Indian Housing  
**CFDA No.: 14.872** Public Housing Capital Fund (CFP)  
**CFDA No.: 14.885** ARRA – Public Housing Capital Fund Stimulus (Formula) Recovery  
Act Funded  
**Finding No. 10-115**  
**Status:** Fully corrected.